

**Upper Clark Fork Steering Committee
Draft Meeting Notes
June 21, 2001**

Members Present:

Gerald Mueller	Facilitator
Ole Ueland	Mile High C.D.
Jon Sesso	Butte/Silverbow
Jim Dinsmore	Granite C.D.
Bob Benson	C.F. Pend Oreille Coalition
Holly Franz	PP&L Montana LLC
Eugene Manley	F.C. & MWRA
Brent Mannix	N. Powell C.D.
John Vanisko	Deer Lodge Valley C.D.
Kathleen Williams	FWP
Steve Fry	Avista Inc.

Members Absent:

Gary Ingman	MT DEQ
Bob Bushnell	Lewis & Clark C.D.
Robin Bullock	ARCO
Jim Quigley	Little Blackfoot
Jules Waber	Powell County

Visitors:

Mike McLane	DNRC
Ellen Hintz	
Phil Tourangeau	Confederated Salish & Kootenia Tribes

Welcome

Gerald Mueller welcomed everyone and called the meeting to order.
Gerald reviewed the minutes from the May 2, 2001 meeting; no changes were made to any of the minutes.

Agenda Items:

- Water Supply
- Georgetown Lake Update
- Clark Fork River Instream Flow Project
- Steering Committee Membership
- Avista Agreement Meetings & Discussions
- Watershed Assistance Grant Request
- Public Comment

Water Supply:

Mike McLane was asked what drought related actions were occurring in the basin. It was noted that the Blackfoot Drainage had again implemented their voluntary emergency drought response plan. The snows and rain of the last week had made significant improvements to both soil moisture and stream flows. Considerable amount of precipitation had accumulated in the basin with notable snow and precipitation levels noted in the Garnet Range, Drummond, Hall and Phillipsburg.

Gerald noted that Dave Striufert, County Extension Agent, during the last meeting and asked if the committee might assist in Deer Lodge area drought response efforts. Gerald also reported that Dave had not called asking for that assistance.

Kathleen Williams also participates in the Governor's Drought Committee. She noted that the Drought Committee had sent letters recommending the formation of local drought responses early this year. Further, at their last meeting it had been suggested that DNRC conduct follow-up contacts to determine what the County response to those letter was. Further they were to determine if the County had technical assistance needs related to the formation of such local committees. Kathleen noted that DNRC proposed to do some type of survey or poll of the Counties. There was concern that such an action would not generate the type of communication originally suggested by the Lt. Governor.

John asked if the state had any type of drought fund at its disposal to assist with relief of mitigation actions. Mike noted that the state did not have a "drought fund". There were some federal monies that might be available through the US Bureau of Reclamation and that Farm Service had disaster monies for producers who sustained drought related losses.

Ole noted that water and power were both issues of current importance and issues that were closely tied. Gerald noted that he had attended the "Power Meeting" earlier that week. He reported that power rates have fallen but there didn't appear to be much discussion related to water conservation or irrigation conservation or buying power and water to reduce demands. It was noted that outside of Montana, "buy back programs" were being implemented. PP&L still had an active program. Gerald is still searching Montana contacts to determine if such buy back programs might extend into Montana.

Georgetown Lake:

The Flint Creek Dam Advisory Committee held their last meeting on the same evening as the Steering Committee's meeting on hydropower meeting in Hall (June 13). At this point no formal report of that meeting was available. Eugene Manley attended the Advisory Committee meeting and reported that Granite County has received six proposals in response to Granite County's RFP to reactive the Georgetown Lake hydropower plant. Those proposal will be opened June 26 and evaluated. Three local groups were among the six submissions. The six entities included Solar Plexus, So Engineering, Flint Cr. Hydro, Granite Power Co., Hydro Dynamics and Discovery Ski Area (a conceptual plan). The proposed rehabilitated plant is a 1.5 MW. There appears to be two basic concepts moving forward – 1) the County is the principle financier and they get the largest return or 2) the consultant is the principle financier and they then get

the bulk of the returns. At this point, the County is saying that power operations are flexible and should affect historic flows.

The snow and precipitation of June are reducing concerns over meeting the 30 cfs discharge and lake elevation targets. Gerald noted that apparently, there was no fish kill. Kathleen noted that it did appear that fish were under greater stress and that an increase in parasites has been noted. Delayed stress may still be affecting population.

Granite County has still not made any commitment to implement stream gaging. USGS has reported that they are going to pull the Southern Cross gage if they do not receive a firm commitment soon. Also the county is not utilizing the old MPC reservoir routing spreadsheet. The meeting with the County Commissioners did not result in a response to Flint Creek Dam Advisory Committee recommendations. Jim noted that there was still a need for real time measurement of pool levels. Groundwater contributions are also being debated.

Discussion of the future hydropower flows seems to indicate that the maximum discharge would be limited to the historic practice of 30 cfs. However one group at the Georgetown Lake meeting said that they would need a minimum of 12 cfs for the proposed two turbine upgrade.

Instream Flow Project:

The Steering Committee, as a result of the Dennis Workman evaluation of dewater streams has encouraged DNRC and DFW&P to do additional technical assessment of main stem Clark Fork and diversions above Deer Lodge, MT. DNRC was asked and has agreed to conduct measurements on several ditches. DFW&P will reevaluate fishery needs for the river reach above Deer Lodge to determine how much water is needed to protect the fishery. DNRC and the West side Ditch Company are measuring diversions and losses in the Helen Johnson, Valiton, West Side and Peterson ditches (Peterson ditch is off Peterson Cr. a tributary to the river). There appears to be interest among several parties in water leasing opportunities for Clark Fork River. Trout Unlimited may have some interest. Some thought NRD might also.

Jim Dinsmore noted that things are becoming more controversial with the NRD grants and proposals. He suggested that we get an up-date from Carol Fox and look at the Watershed Restoration Coalition. There appears to be some controversy over what priority projects are or should be. Gerald noted that the Steering Committee should continue to move slowly and cautiously. Phil noted that the restoration decisions for the River Operable Unit have still not been resolved. As a result it appears that the state is reluctant to do river restoration work or tributary work since the litigation is ongoing. The most favored proposal are coming from those operable units that have been resolved and restoration plans developed.

Jon Sesso interjected that with Montana Resources shut down in response to high energy prices. Therefore, ARCO has moved forward with the plan to treat Berkley Pit water. (Apparently, while Montana Resources was in operations they diverted and utilized water heading towards the pit. With their shut down ARCO/MR become responsible for treatment ahead of original schedules.)

The treatment plans are due by July 1. A facility to treat 3-7 million gallons per day (mgd) will be constructed east of the pit. It is a high tech plant. The plant is to be

online and operable by the spring of 2003. When completed the plant will discharge 3 mgd into Silverbow Creek near its confluence with Blacktail Deer Creek. Water treatment is in response to requirements to manage flows and water levels in the pit. Calculations projected that the pit would not have reached critical levels until 2023. A modular treatment facility will be constructed.

It is possible that in the future water treatment needs will be 5-6 mgd and potentially as high as 7 mgd. Restoration and mitigation plans require the plant to be built four years prior to the pit reaching a critical level. With the MR shut down construction will begin prior to the projected 2011 start up. The sludge collected during treatment will be returned to the pit.

Construction of the treatment plant is a 10-14 million dollar capital investment. Estimated operations costs are 1 million per year. It must be emphasized that this project is separate from the NRD grant proposals. It is also important to note that if M.R. goes back into operation before 2002 the plan could be put on hold. That go/no go date will affect treatment plant construction.

Committee Membership:

There are several vacancies currently on the committee. Lewis and Clark County does not have a representative and will be contacted to reappoint a member. Both legislative representatives have resigned. Typically we have tried to have one senator and one representative also one a republican the other a democrat. Steering Committee recommended that DNRC contact Alan Rome and Bea McCarthy to see if they would be willing to participate. Kathleen Williams noted that DFW&P recommended that she be the agency representative to the committee.

Basin Water Management Management/Hydropower:

The Steering Committee hosted three public meetings to discuss basin water management with consideration given to downstream hydropower demands. Those meetings were held in Ovando, Hall and Deer Lodge. Forty-eight people participated. Those attendees appear to be people who were by and large new to the planning process. Gerald briefly described how the meeting presentations and dialogs were conducted.

There were some questions from meeting participants. One of the questions related to the ability to show how use in the basin impacts down stream hydropower, including Avista facilities. There was some interest. In no place did the committee meet with hostility or skepticism.

During the Hall, Mt meeting, participants asked how we get more water users than irrigators involved. There were also discussions related to the use of flood or high water in the spring. Questions related to storage, especially in low water years and down stream hydropower demands may be high.

Jim Dinsmore noted that in Flint Creek high water is being used today – a drought year in June – while Avista is not meeting their generation demands. In upper reaches of the basin, like Flint Creek, streams typically carry more water than there are water rights. The practice of using this high water – an amount of water diverted over an above the decreed rate of diversion – has locally not been considered a detriment. There may be

some return flow benefits to hydropower. It was noted that the use of high water is a significant issue in such basins.

Gerald noted that the largest conceptual issue is that someone a long ways away can affect local water use. Jim agreed that this is the hardest issue to look at. Brent asked if TU encouraged hydropower to make a call? Steve noted that they have had some encouragement or at least some questions related to a call as methods of protecting stream flow. Brent asked if making call on hydropower was pushed to protect Murphy Rights. Kathleen responded that TU appeared to have made some veiled comments to DFWP but decisions were made more directly between local users and local instream protection.

Steve was asked how much storage was in Noxon Rapids Reservoir. He noted that Noxon is kept pretty full and is not really a storage facility. Early in its operation it was drawn down 56 feet at times. However, that hasn't happened in years. Conditioning agreements with FERC have limited such operations. Noxon now relies on an operation that more closely follows the "run of the river".

Gerald again reminded the committee that no one at the public meeting said no to the exploration of an operation agreement that included Avista. This is a significant challenge and the committee will have to determine how this will happen.

Basin closure is easy – for the Upper Clark Fork it is already in place. However, what other items should be implemented? What ideas exist to make basin management an operable tool?

Jon asked if there is a discernable difference between a "low flow plan" and a "drought plan". Are they distinguishable actions? People typically have a limited time to react to drought. Therefore development of a plan or plan alternative must be done in advance. Should drought plans be the issue? Should those drought plans include consideration for down river uses?

Gerald noted that we been looking at some fairly complex basin management issues. In Flint Creek we have learned about the East Fork Reservoir, now Georgetown Lake, the lower basin historic water right decree (Featherman Decree) and the upper basin's 1906 federal decree. Eugene noted that it has taken four years of discussion for his neighbors to realize that they needed a watershed management group. Five years ago they tried to start a plan. Now we, in Granite County, have a natural resources planning group to address federal issues. That same group will now deal with state and drought issues. However, it is still in its infancy. Gerald asked if the Steering Committee could take this basin management concept to the Granite Co Natural Resources Planning Committee.

The Bureau of Reclamation, as part of the Flint Creek Study, developed a water management model. Do we know how to apply that knowledge? Do we need the help of a hydrologist to learn what that means to the basin?

Gerald asked how we gain an entry into the Basins to address these issues? Bob Benson noted that it seems that there are key basin conditions to examine – a high water years, typical year, and a drought or low water year. We need to ask Avista what their needs are during these conditions. We then need to make water users aware of the consequences during those years. We also may need to define the conditions – what is "high water" for example.

Kathleen asked if there were times that water was more valuable? Steve noted that historically peak vs. non-peak and high flow periods vs. low flow periods made a difference in the value of hydropower. However, in today's market these become less of an issues. Market swings are creating daily shifts. However, this year winter water is the real worry and drought impacts should show up in the market. Gerald noted that historically the Pacific Northwest Power suppliers purchase water from California in the winter. That power is not longer available. Thus further confounding the problems of drought in the northwest.

Jim asked how the upper basin was use can "flex" with the peaks. Can those peak provide more flexibility in water management. Holly noted that on the Madison/Missouri system the timing of delay from Hebgan Dam downstream is measured in days.

Jim also asked how we manage lumped water resources. Irrigation does not have a single operator. Steve noted that if we are looking at storage issues it is a timing issue.

Gerald asked what Avista might want from the different subbasins. Would Avista pay for a water commissioner during high water? Could that be on the top of the list?

Steve noted that this hasn't been a concern in the past. What is practical form management? Will standard and tradition conditions remain – relatively low dollar values for power in the spring? Steve was asked if power supply will catch up with demand. Steve noted that it probably will and it will take time. They, Avista, are looking for more stable conditions in the next year and half. Some of this will be stabilized with the completion of a couple natural gas fueled generation facilities.

Jim noted that hydropower runs on water as its fuel. Water is relatively free. Natural gas prices will rise and it is a limited resource. It was noted that gas prices may rise to 3 times current levels in the relatively near future. The committee discussed current news items that identify the large number of gas generation plants that are being proposed. However, it was recognized that many of these may not come to development since the economics may be against them. Jim noted that, from the outside looking in, hydropower seems to be the backbone of a sustainable power supply.

Steve noted that currently one of the "bottlenecks in the energy supply business are transmission facilities. Gerald noted that even in the current de regulated market venture capitalists still do not build transmission lines – they are still und the regulated industry. It was asked of current FERC regulatory authorities will help with escalating costs. Steve noted that it may take off the peaks but will not provide relief when compared to historic prices.

Steve was asked what irrigators should do. Steve noted that the Steering Committee's actions might influence Clark Fork management in other parts of the larger Clark Fork Basin. Gerald asked what this means?

Jim asked if Avista was attempting to protect what they already have or what they might gain. Steve seemed to indicate that is was to protect what they have. That was considered an important concept. It was asked if maintaining basin water right closures is good enough? Is it better than water management?

Holly noted that PPL gets frustrated with downstream water use and effective methods of getting ones water to the power plant. She noted that water in Flint Creek is largely obligated. Jim wondered about multiple fills of reservoirs. Holly noted that the basin closure in the Missouri was a better condition under which water could be administered. Water management is not necessarily as safe as enforcing rights.

Gerald noted that the committee has in its discussion identified management opportunities or concerns – basin closure, water commissioners, enforceable decrees, management of storage (number of fills, when to store, etc.) and high water management.

Jim asked if how water was used was important, i.e. flood vs. sprinkler. Steve noted that for Avista irrigation vs. flood water is typically only an issue with a change of use, since there is frequently an expansion of acreage. This is why they are active in the general stream adjudication. They feel that more will be gained with an accurate historic record.

Lunch Break

Upon the return from lunch Ole asked if he could briefly return to the Steering Committee membership issues. Ole sees a duplication of effort between the various “Clark Fork NRD committee and our committee. He also sees a need to coordinate efforts. Therefore he asked if we could consider Carol Fox as a potential Steering Committee member. He stated that having other interests, such as those Jon Sesso brings is important. He also wishes we could make a stronger tie with USDA and FSA although the CD does have that connection.

Basin Water Management Discussion (cont.)

Gerald asked the committee what the next steps should be in this process? Ole asked if local interests and Avista could cooperate in the construction of additional storage projects. Steve noted that storage would give multiple benefits. The beneficiary would pay but Avista will still need a process that brings them the value of the water.

Jim asked what additional “damages” or losses to Avista’s rights could occur with the current basin closure. Jim agreed that Avista needs to maintain their rights. They must participate in management activities -- object to or participate in Changes to historic rights and maintain working relationships. It was noted that water consumptions will increase in the future. Water is still appropriable in the basin, notably ground water.

The question was asked if we were in a negotiation or if we were making hydropower a player in local management. Does Avista need a threat to their assets to involve them?

Steve noted that they are spending time in local watershed management activities, especially close to the project area where they assist with and fund projects in at least five watershed councils. Avista is also a lead participant, acting almost as an institutional objector. Steve also noted that the interesting aspects of the Ovando public meeting made it clear that an agreement is only as good as the people involved.

It was again asked what the Steering Committee wanted out of the process. Steve asked what authorities of force would an agreement want? Are there issues beyond basin closure and participation in decision-making that must be addressed?

Is a larger agreement needed to influence other basins adopt a basin closure? Does the Steering Committee want more than recognition and protection of their current efforts? Jim stated that the most practical activity for water management is awareness. What will have more impact on what we do? Steve asked if we need to develop something more formally?

Steve was asked if continuation of the existing basin closure and continued participation in the Steering Committee were sufficient conditions for Avista to not make call on existing water rights within the Upper Clark Fork. Steve was also asked to bring a formal response from the company to the next Steering Committee meeting.

Gerald reminded the committee that we made an obligation to report back to the larger community. If some agreement were made or if additional discussion might be needed how might other basin residents become aware of the action? Committee members suggested both newspaper articles and reactivating and sending an issue of the newsletter.

The Committee agreed to place the Basin Management action on the next agenda as a key item. Steve would report back the corporation's response.

Watershed Assistance Grant:

Gerald reminded the committee of the last DNRC Watershed Assistance grant received. That grant provided \$5,000 for Dennis Workman's work on dewater streams and \$5,000. for operation of the steering committee's operation.

Gerald asked the committee for permission to develop another Watershed Assistance Grant. Proposed was 1) additional work related to Dennis and agencies work on streams and ditches delineated under the dewater streams list, 2) additional work on Basin Water management and steering committee operations.

The committee agreed that Gerald should pursue the grant.

Next Meeting:

The committee proposed to meet again on Sept 20 in Deer Lodge at the St. Mary's Center. Agenda items suggested include continued discussion of a) Basin Water Management and hydropower b) an update on the NRD grants program from Carol Fox and c) new membership.

The Sept 20 meeting was postpone via email and letter and rescheduled for Oct. 24.